



July 22, 2011

Jennifer J. Johnson  
Secretary, Board of Governors  
of the Federal Reserve System  
20th Street, NW  
Washington, DC 20551

Re: Docket No. R-1417 and RIN No. 7100-AD75

Dear Ms. Johnson:

On behalf of the nearly 600 commercial banks and thrifts that are members of the Texas Bankers Association (TBA), thank you for the opportunity to comment on the Board's proposal amending Regulation Z in order to implement amendments made to the Truth in Lending Act (TILA) by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd – Frank Act).

Recognizing that the Dodd – Frank Act requires the Board to promulgate the above-referenced rule, it is important to note that the regulation, as it applies to the community banks TBA has represented since we were founded over 125 years ago, is unwarranted for the simple fact that our members do not make mortgage loans unless they believe they will be repaid for those loans. We have been taking our customers' ability to repay their mortgage loans into consideration for over one hundred years; we do not need new federal regulations to tell us how to do this.

Turning to the regulation itself, because it is so often the case, we anticipate the rule will be adopted as proposed with few changes. However, because the Board did solicit input on the definition of qualified mortgage, we offer the following comment. Namely, TBA believes the Board should adopt Alternative 1, which provides creditors with a legal safe harbor if certain loan terms and underwriting criteria are met. We believe that Alternative 1 would provide an essential level of protection from liability for our members originating qualified mortgages. Furthermore, it would provide our members with a level of regulatory certainty when it comes to these loans; that is to say, if they originate qualified mortgages, they should be able to do so without fear of regulator or examiner backlash or second-guessing.

Again, thank you for the opportunity to comment on the above-referenced rule.

Sincerely,

Celeste M. Embrey  
Assistant General Counsel